

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
04-01

2. STATE
Alaska

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 1, 2004

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
Section 1927 of the Act; 42 CFR 440

7. FEDERAL BUDGET IMPACT:

a. FFY 04 \$ (877,500)
b. FFY 05 \$ (5,850,000)

Please see Box 10, below

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attached Sheet to Attachment 3.1-A, Pages 4 and 4a.

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attached Sheet to Attachment 3.1-A, Pages 4

Alaska (04-01)
Approved: 04/22/04
effective: 01/01/04

10. SUBJECT OF AMENDMENT:

Adding supplemental rebate language to section 12a of this attachment.

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED: Governor does not wish to comment.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Bob Labbe

Bob Labbe

14. TITLE:

Deputy Commissioner/Medicaid Director

15. DATE SUBMITTED:

January 7, 2004

16. RETURN TO:

Alaska Department of Health and Social Services
Office of the Commissioner
P.O. Box 110601
Juneau, Alaska 99811-0601

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED: **APR 22 2004**

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JAN - 1 2004

20. SIGNATURE OF REGIONAL OFFICIAL:

151

21. TYPED NAME:

Karen S. O'Connor

22. TITLE: **Associate Regional Administrator**

**Division of Medicaid &
Children's Health**

23. REMARKS:

P+E
changes were made to original 179 form per 1/13/04
State request.

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
~~03-16~~ 04-001 (PAI)

2. STATE
Alaska

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 1, 2004

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
Section 1927 of the Act; 42 CFR 440

7. FEDERAL BUDGET IMPACT:
a. FFY 04 \$ 0
b. FFY 05 \$ 0
Please see Box 10, below

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attached Sheet to Attachment 3.1-A, Pages 4 and 4a.

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
Attached Sheet to Attachment 3.1-A, Pages 4

10. SUBJECT OF AMENDMENT:
Adding supplemental rebate language to section 12a of this attachment.

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☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED: Governor does not wish to comment.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Bob Labbe

14. TITLE:
Deputy Commissioner/Medicaid Director

15. DATE SUBMITTED:
January 7, 2004

16. RETURN TO:
Alaska Department of Health and Social Services
Office of the Commissioner
P.O. Box 110601
Juneau, Alaska 99811-0601

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: JAN - 9 2004

18. DATE APPROVED: APR 22 2004

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
JAN - 1 2004

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
Karen S. O'Connor

22. TITLE: Associate Regional Administrator
Division of Medicaid &
Children's Health

23. REMARKS:

RECEIVED: 1/7 . : Juneau
(11/13)

Description of Service Limitations

- (3) The following drugs are not covered:
- (a) drugs used to treat infertility, obesity, and for cosmetic purposes;
 - (b) drugs that are prohibited from receiving federal Medicaid matching funds under 42 CFR 441.25, as amended October 1, 1981;
 - (c) drugs, except for birth control drugs and drugs listed in 12. a. (a)(1)(c) of this attachment if dispensed in an unopened container, for which more than a 30-day supply is ordered per prescription;
 - (d) smoking cessation products;
 - (e) drugs used for the symptomatic relief of coughs and colds;
 - (f) oral vitamins, except prenatal, fluoride preparations, folic acid, Vitamin A, Vitamin K, Vitamin D, and analogs; and
 - (g) brand name multi-source drugs when a therapeutically equivalent generic drug is on the market unless the prescriber writes on the prescription "The brand name drug is medically necessary" and states the reason for the brand name drug's medical necessity.
- (4) The state will be negotiating supplemental rebates in addition to, and separate from, Federal rebates authorized in Title XIX. The following supplemental rebate policies are in compliance with the requirements of Section 1927 of the Act:
- a. The state is in compliance with reporting requirements for utilization and restrictions to coverage. Pharmaceutical manufacturers can audit utilization data.
 - b. The unit rebate amount is confidential and cannot be disclosed for purposes other than rebate invoicing and verification.
 - c. CMS has authorized the state of Alaska to enter into the Michigan multi-state pooling agreement. The Amendment to the Supplemental Drug-Rebate Agreement was submitted to CMS on April 13, 2004 and has been authorized by CMS.
 - d. Supplemental rebates received by the State under these agreements in excess of those required under the national drug rebate agreements are shared with the federal government on the same percentage basis as applied under the national rebate agreements.
 - e. All drugs covered by the supplemental rebate program, regardless of any prior authorization requirement, comply with provisions of the national drug rebate program.
 - f. For drug classes under review by the Pharmacy and Therapeutics (P&T) Committee, a manufacturer's payment of supplemental rebate(s) may result in its product being covered without documentation of medical necessity if it meets therapeutic equivalency criteria and is recommended by the committee.

TN No. 04-01 Approval Date APR 22 2004 Effective Date January 1, 2004

Supersedes TN No 02-007

Description of Service Limitations

- 12 c. Prosthetic devices are provided upon a physician's order.
- 12 d. Eyeglasses are provided to recipients in response to an initial or change of prescription, or as a replacement of a lost or destroyed pair of glasses. Tinted lenses are not covered unless medically necessary. Contact lenses are not covered except for specific medical conditions. Tinted lenses and contact lenses must be prior authorized. Eyeglasses are purchased for recipients under a competitively bid contract.
- 13. **DIAGNOSTIC, SCREENING, PREVENTIVE, REHABILITATIVE SERVICES:**
 - a. Mammography coverage is limited to diagnostic mammograms necessary to detect breast cancer.
 - b. Screening mammograms are covered at the age and frequency schedule of the American Cancer Society, as provided in state statute.
 - d. Rehabilitative Services are limited to the following:
 - (1) Mental Health Rehabilitative Services
 - (i) For children under 21 years of age, who have been found by an EPSDT screen/mental health assessment to need:
 - (A) Crisis Intervention Services, which consist of medically necessary reimbursable services below during an acute episode, including such services as assessment, psychotherapy, and medication management, limited to 22 hours in a calendar year and no more than one hour per day;
 - (B) Family, individual, or group psychotherapy, with an overall aggregate limit of 10 session in a calendar year unless prior approval is granted.

TN No. 04-01 Approval Date APR 22 2004 Effective Date January 1, 2004

Supersedes TN No N / A

**Amendment to the Supplemental Drug-Rebate Agreement
Between
The State of Michigan, First Health Services Corporation
And
[Insert Manufacturer Name]**

WHEREAS, the State of Michigan, First Health Services Corporation ("First Health"), and ("Manufacturer") have entered into a Supplemental Drug-Rebate Agreement Contract # [Insert Contract Number] (the "Agreement"), effective as of [insert date]; and

WHEREAS, the States of Vermont, Nevada, Alaska, and New Hampshire have become parties to the **Michigan Multi-State Pooling Supplemental Rebate Agreement** by executing the Addendum provided for in Section 9.9 of the Agreement; and

WHEREAS, the states of Hawaii and Tennessee have evidenced an intent to become parties to the Agreement; and

WHEREAS, the Centers for Medicare and Medicaid Services ("CMS") is now requiring certain changes to the Agreement before it will authorize them; and

WHEREAS, additional states have indicated their willingness to become Participating States, as defined in Section 3.14 of the Agreement, and thereby participate in the State Supplemental Rebates (as defined in Section 3.19 of the Agreement) available under the Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS, PROMISES, AND CONDITIONS CONTAINED HEREIN, THE PARTIES AGREE TO THE FOLLOWING AMENDMENTS TO THE AGREEMENT.

1. Section 1.1: The states of Vermont, Nevada, Alaska, and New Hampshire are added on the second line and "State" is changed to "States."
2. Any and all references to "U.S. Territories" is stricken from the entire Agreement.
3. Section 2.1: On line 3 "State" is changed to "States" and the clauses beginning immediately thereafter with "and/or" are deleted down to "Participating States" on line 8. On the third line, the words "CMS approved state-funded programs" are replaced with "non-Medicaid programs approved by CMS in the Medicaid state plan(s)".
4. Section 3.3: Is deleted in its entirety and "'Client State(s)'" is stricken from the entire agreement.
5. Section 3.11: "State" within the parentheses on line one is made "States." In line three, "HHS approved state-funded programs" is deleted and replaced with "non-Medicaid programs approved by CMS in the Medicaid state plan(s)".
6. Section 3.12: This section is deleted in its entirety. "First Health Client's States" and "FH Client's States" are stricken from this Agreement.
7. Section 3.14: This section is modified to read as follows:

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“‘Participating State(s)’ means the (i) States as named in Section 1.1 hereof, and (ii) other states that, subsequent to the execution of this Agreement by the States, elect to participate under this Agreement and have all necessary authorizations and approvals from CMS to do so. Unless otherwise approved by CMS on a state-by-state basis, Participating States shall be limited to ones that have a CMS approved contract under which First Health has been engaged to provide PBA Services to that state. For each new Participating State, a unilateral amendment (“New Participating State Amendment”) to this Agreement shall be executed by the new Participating State and First Health and sent to the Manufacturer prior to the Participation Commencement Date. Each Participating State, including the new Participating State, must submit a state plan amendment adding the new Participating State to the Agreement to CMS for approval. A copy of the form Amendment is attached hereto as Exhibit A.”

8. Section 3.16: This section is modified to read as follows:

“‘Participation Commencement Date’ means the latter of the date (i) a Manufacturer’s Supplemental Covered Product is effectively placed in a Participating States Preferred Drug List Program by distribution of it (via website or otherwise) to providers and prescribers, or (ii) the New Participating State Amendment is received by the Manufacturer from a new Participating State. It is the date when the Participating States entitlement to a rebate from the Manufacturer begins to accrue.”

9. Section 3.20: On the second line: the phrase “state funded, HHS approved programs” is deleted and replaced with “non-Medicaid programs approved by CMS in the state plan(s) as provided in Section 2.1 hereof”.

10. Section 5.1: The last sentence of this section is modified to read:

“Each Participating State will notify Manufacturer and First Health, within ten (10) business days of adoption and publication of a new or revised Preferred Drug List, when Manufacturer’s Supplemental Covered Product is added to the Participating State’s Preferred Drug List by providing Manufacturer and First Health a copy of the Preferred Drug List in accordance with the notice provisions of Section 9.2 hereof.”

11. Section 8.3 is modified by deleting items (ii) and (iii) so that it now reads as follows:

“Termination by a FH Client of its PBA Services Agreement with First Health shall, as of the same termination effective date, terminate this Agreement as to that Participating State.”

12. Section 9.2: This section is modified by adding the notice addresses for Nevada, Vermont, New Hampshire, and Alaska, which are as follows:

Director of Pharmacy
Office of Vermont Health Access
103 South Main Street
Waterbury, VT 05671-1201

Division of Health Care Financing and Policy
Nevada Department of Human Resources
Mark Willden, Director
1100 East Williams Street
Carson City, Nevada 89701

State of New Hampshire Department of Health and Human Services
Commissioner John Stephen
129 Pleasant Street
Concord, NH 03301

Dwayne Peebles
Director of Health Care Services
State of Alaska Department of Health & Social Services
Division of Health Care Services
4501 Business Park Boulevard, Ste. 24
Anchorage, AK 99503

13. Section 9.9: This section is modified to read as follows:

“This Agreement will not be altered except by (i) an amendment in writing signed by all the parties, other than (ii) in the case of the addition of a new Participating State(s), by its execution of the New Participating State Amendment, both (i) and (ii) of which shall require the approval of CMS. It is acknowledged that the intent of the previous sentence is that the addition of a new Participating State(s) by amendment shall only require the consent of First Health and the approval of CMS, not Manufacturer. Manufacturer agrees that any Participating State may be added to this Agreement by amendment and that said Participating State’s covered Medicaid (and other non-Medicaid programs approved by CMS in the Medicaid state plan(s)) lives shall apply to the provisions of Schedules 2 and 3 and will affect the rebates to all Participating States in accordance with Schedules 2 and 3. The New Participating State Amendment shall be executed by First Health and the new Participating State with a copy provided to Manufacturer for its records. Other than as stated herein, no individual is authorized to alter or vary the terms or make any representation or inducement relative to it, unless the alteration appears by way of a written amendment, signed by duly appointed representatives of the Participating State(s), First Health, and the Manufacturer.”

14. Section 9.11: In the second line, replace “other state funded” with “non-Medicaid programs approved by CMS in the Medicaid state plan(s)”.
15. Except as expressly amended herein, all other terms, conditions and provisions of the Agreement shall remain in full force and effect and the parties hereto hereby ratify and confirm the same as of the date hereof. To the extent that any provisions of this Amendment conflict with the provisions of the Agreement, the provisions of Amendment shall control.

As evidence of their agreement to the foregoing terms and conditions, the parties have signed below.

MANUFACTURER

By: _____
Name: _____
Title: _____

Date: _____

FIRST HEALTH SERVICES CORPORATION

By: _____
Name: Teresa R. DiMarco
Title: President

Date: _____

STATE OF MICHIGAN, DEPARTMENT OF COMMUNITY HEALTH

By: _____
Name: _____
Title: _____

Date: _____

STATE OF VERMONT, DEPT. OF PREVENTION, ASSISTANCE, TRANSITION AND
ACCESS

By: _____
Name: _____
Title: _____

Date: _____

STATE OF NEVADA, DEPARTMENT OF HEALTH CARE FINANCING AND POLICY

By: _____
Name: _____
Title: _____

Date: _____

STATE OF ALASKA, DIVISION OF HEALTH CARE SERVICES

By: _____
Name: _____
Title: _____

Date: _____

STATE OF NEW HAMPSHIRE DEPARTMENT OF HEALTH & HUMAN SERVICES

By: _____
Name: _____
Title: _____

Date: _____

EXHIBIT A1

Participating State's Non-Medicaid Programs Approved by CMS in the Medicaid State Plan(s)

Participating State: (**Insert State Name**)

Non-Medicaid programs approved by CMS in the Medicaid State Plan(s)- Date of Approval

- | | | |
|----|-------|-------|
| 1. | _____ | _____ |
| 2. | _____ | _____ |
| 3. | _____ | _____ |
| 4. | _____ | _____ |
| 5. | _____ | _____ |
| 6. | _____ | _____ |

EXHIBIT A

**New Participating State Amendment to Supplemental
Drug-Rebate Agreement Between
The States of Michigan, Vermont, New Hampshire, Alaska and Nevada;
First Health Services Corporation
And
(Manufacturer Name ("Manufacturer"))**

WHEREAS, the State of Michigan, First Health Services Corporation ("First Health"), and Manufacturer have entered into a Supplemental Drug-Rebate Agreement (the "Agreement"), effective as of _____; and

WHEREAS, the participating States as named in Section 8 below have become parties to the Agreement as Participating States by previous amendment or addenda; and

WHEREAS, additional states have indicated their willingness to become a new Participating State, as defined in Section 3.14 of the Agreement, and thereby participate in the State Supplemental Rebates (as defined in Section 3.19 of the Agreement) available under the Agreement.

Now, therefore, in consideration of the mutual covenants, promises, and conditions contained herein and in the Agreement, the parties agree as follows:

1. The State of _____ **[insert new participating state]** is hereby added as a party to the Agreement as a new Participating State, as defined in Section 3.14 of the Agreement.
2. This Amendment shall become effective upon the date determined in accordance with Section 3.16 of the Agreement.
3. An executed copy of this Amendment shall be sent via certified mail, return receipt requested to Manufacturer's address of record as set forth in the Agreement within five (5) business days of its execution by the parties. Any notice to Participating State shall be sent to the names and address in section 9 of this Exhibit:
4. This Addendum adds a new Participating State to the Agreement and does not otherwise change or alter the Agreement. The new Participating State(s) understand(s) and agrees to be bound by the terms of the Agreement.
5. The undersigned State acknowledges that manufacturer rebate pricing information is confidential information under applicable

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EXHIBIT A

Federal law and shall be exempt from public disclosure pursuant to State Code Section _____.

6. The undersigned State represents that it has not requested authorization from CMS to include any state pharmaceutical assistance program within the rebate provisions of the Agreement [or CMS has authorized the inclusion of _____ within the Agreement]. The above representation shall not prohibit the undersigned State from requesting CMS authorization to include (other) pharmaceutical assistance programs within the Agreement at a later date. Upon receipt of CMS authorization, State shall give written notice to Manufacturer of the date Manufacturer's Supplemental Covered Product is effectively placed on the preferred drug list of the undersigned State's non-Medicaid programs approved by CMS in the Medicaid state plan(s) by completing the attached Exhibit A1.
7. The approximate enrollment in the undersigned State's Medicaid program at the time of execution of this Amendment is _____.
8. As of the effective date of this Amendment, the following are all of the Participating States under the Agreement:

<u>Michigan</u>	<u>Alaska</u>
<u>Vermont</u>	<u>Nevada</u>
<u>New Hampshire</u>	_____

9. The contact information for each of the Participating States listed above in section 8 and new states shall be as follows:

State of Michigan	Department of Community Health Medical Services Administration Attn: Dave McLaury 400 S. Pine Street Lansing, MI 48933
State of Vermont	Director of Pharmacy Office of Vermont Health Access 103 South Main Street Waterbury, VT 05671-1201
State of Nevada	Division of Health Care Financing and Policy Nevada Department of Human Resources Mark Willden, Director 1100 East Williams Street Carson City, Nevada 89701

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EXHIBIT A

**Sate of New
Hampshire**

State of New Hampshire Department of Health
and Human Services
Commissioner John Stephen
129 Pleasant Street
Concord, NH 03301

State of Alaska

Dwayne Peebles
Director of Health Care Services
State of Alaska Health & Social Services Department
Health Care Services Division
4501 Business Park Boulevard, Ste. 24
Anchorage, AK 99503

[Insert new participating state contact information]

_____	_____

STATE OF [insert name],
DEPARTMENT OF [insert name]

By: _____
Name: _____
Title: _____
Date: _____

FIRST HEALTH SERVICES CORP

By: _____
Name: _____
Title: _____
Date: _____

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